

1. Policy intent

To provide for the disposal of surplus Council assets, no longer required to meet agreed services.

2. Scope

This policy provides for the identification, assessment and decision-making processes that inform the Council of their responsibilities in the asset disposal process. This Policy applies to all Council staff, volunteers and contractors involved in the disposal of Council assets.

3. Background/supporting information

Local Government Act 2009 (the Act)

Local Government Regulation 2012 (the Regulation)

4. Policy statement

Council is committed to the responsible disposal of assets and must have regard to the following principles:

- a) Open and effective competition
- b) Demonstrate Council's accountability and responsibility to ratepayers
- c) Consideration of potential for community benefit
- d) Seek to be fair, equitable and consistent to all parties involved
- e) Seek to ensure probity, accountability and transparency in all disposal processes
- f) Seek to ensure that the best outcome is achieved for Council
- g) Carry out all phases of the disposal process with impartiality, fairness, independence, openness and integrity
- h) Application of the same contractual and value for money arrangements for disposal of assets applicable to procurement

4.1 Authority to dispose

Chapter 6 of the Regulation provides for the disposal of non-current assets. Council has delegated relevant powers to the CEO relating to the acceptance or declination of tenders. Limitations to the delegation to dispose of non-current assets are to be as follows:

- a) The power does not authorize the CEO to dispose of Land or interests in land;
- b) The CEO must notify Council of the disposal of assets exceeding \$5,000, except where the disposal relates to a disposal referred to in 4.4.7.

Powers relating to application of exceptions to the requirements to seek tenders or sell by auction under Chapter 6, Division 4 are non-delegable.

Disposal of operational assets and assets with a value less than \$5,000 can be approved by the Chief Executive Officer, General Manager and Manager with responsibility for the asset.

4.2 Reasons for Disposal of an Asset

Assets are considered suitable for disposal for the following reasons:

- a) No longer required (service no longer provided/unsuitable for re-use)
- b) Unserviceable, operationally inefficient or beyond economic repair
- c) Functionally and/or technologically obsolete
- d) Surplus to current or immediately foreseeable needs
- e) Part of an asset replacement program
- f) Contains environmentally sensitive or hazardous material

4.3 Asset Value

When disposing of an asset, the relevant financial value is that reflected in Council's Asset Register.

If a registered value is not available for the asset, an estimation of value should be made having regard to:

- a) The potential to sell the asset
- b) Ownership costs including insurance, registration and maintenance
- c) The perceived value of the asset to a buyer
- d) Its age and condition
- e) Potential for obsolescence
- f) Usefulness for future needs

4.4 Disposal methods (contracting principles apply)

Disposal is aimed at obtaining best value in the management of public money. This is not restricted to price, but must, where applicable, include consideration of:

- a) The contribution to Council's long term financial plan and strategic management plans
- b) Any relevant direct and indirect benefits to Council
- c) Efficiency and effectiveness
- d) The costs of various disposal methods
- e) Internal administration costs
- f) Risk exposure
- g) Value of any associated environmental benefits

4.4.1 Assets (Excluding Land) with a Value of Less Than \$5,000 (Ex GST)

The Manager responsible for assets with a value of less than \$5,000 ex GST may approve method of disposal. The method used for the disposal of assets must be in accordance with the sound contracting principles. The accepted means of disposal under this category may include, but not limited to:

- a) Internal quotation

- b) External quotation
- c) Public Auction
- d) Donation to a community organisation
- e) Demolition or Disposal via landfill

4.4.2 Assets with a Value of Greater Than \$5,000 (Ex GST), and Land Assets

For assets with a value greater than \$5,000 ex GST. Section 227 of the Regulation states that for valuable non-current assets, a contract cannot be entered into unless it first invites written tenders or offers the assets for sale by auction. Section 236 of the Regulation provides exceptions for the disposal of valuable non-current assets through tender or auction.

Section 236 (2) of the Regulation requires Council to apply the exemption by resolutions prior to the disposal.

4.4.3 Buyer's Risk

Irrespective of the disposal method applied, no representations as to quality, fitness for purpose or quality are to be made to a prospective purchaser.

Prospective buyers must be advised in writing that items are disposed of, with any faults, at the buyer's risk ('as is where is').

Buyers are to rely on their own investigations regarding the condition and workability of the items and Council will not be responsible for any repairs or maintenance of the asset.

4.4.4 Disposal of Electrical Equipment

The manager responsible for the disposal of any electrical equipment must ensure compliance with all relevant conditions detailed in the Electrical Safety Regulation 2013 for the sale of electrical equipment prior to disposal of the asset.

4.4.5 Conditions on Donations to Community Organisations

Assets can only be donated to another organisation if that organisation can:

- a) Affirm in writing they are an entity that carries on activities for a public purpose or their primary object is not directed at making a profit;
- b) Provide written acknowledgement of receipt of the asset;
- c) Acknowledge Council will not be responsible for any repair or maintenance of the asset;
- d) Acknowledge all copyright or licensed content has been removed (for example computer software); and
- e) Take responsibility for the timely removal of the asset and any associated costs that arise from the asset's removal.

4.4.6 Documentation and Declarations

The relevant General Manager, or their delegate, is to ensure:

- a) The disposal methodology is documented, and is recorded in Electronic Content Management (ECM); and

- b) Any conflicts of interest, perceived or otherwise, in relation to the disposal or with employees involved in the disposal process must be declared and registered in accordance with the Code of Conduct.

4.4.7 Infrastructure Assets disposed as part of a Capital Project proceeding

Where infrastructure assets are upgraded or renewed via capital projects, the value of the asset should be reduced to reflect that component of the asset that is no longer providing economic benefit, at the same time that the new work is capitalised.

The approval of the disposal of the renewed or upgraded asset is implied by the endorsement of the asset renewal or upgrade budget through Council resolution.

5. Responsibility

Council is responsible for the adoption, amendment and repeal of the Policy and the Manager Strategic Assets is responsible for the development and amendment of any associated procedures and guidelines relevant to the Policy.

6. Review

It is the responsibility of the Chief Executive Officer to monitor the adequacy of this policy and recommend appropriate changes. This policy will be formally reviewed every three years or as required by Council.

This Policy is to remain in force until otherwise amended/repealed by resolution of Council.